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Letter dated 30 October 2018 from the Secretary-General addressed to the President of the Security Council

Pursuant to Security Council resolution 1031 (1995), I have the honour to transmit the fifty-fourth report on the implementation of the Peace Agreement on Bosnia and Herzegovina, covering the period from 22 April to 15 October 2018, which I received from the High Representative for Bosnia and Herzegovina (see annex).

I should be grateful if you would bring the report to the attention of the members of the Security Council.

(*Signed*) António **Guterres**

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Annex

Letter dated 17 October 2018 from the High Representative for Bosnia and Herzegovina addressed to the Secretary-General

Pursuant to Security Council resolution 1031 (1995) of 15 December 1995, in which the Council requested the Secretary-General to submit to the Council reports from the High Representative on the implementation of the Agreement, in accordance with annex 10 to the General Framework Agreement for Peace in Bosnia and Herzegovina and the conclusions of the London Peace Implementation Conference of 8 and 9 December 1995, I transmit herewith the fifty-fourth report of the High Representative for Implementation of the Peace Agreement on Bosnia and Herzegovina. I would ask that the report be distributed to the members of the Council for their consideration.

This is my twentieth regular report to the Secretary-General since assuming the post of High Representative and European Union Special Representative on 26 March 2009. The present report covers the period from 22 April to 15 October 2018.

Should you or a member of the Security Council require any information beyond what is provided in the report or have any questions regarding its contents, I would be pleased to provide you with that information.

(*Signed*) Valentin **Inzko**

Fifty-fourth report of the High Representative for Implementation of the Peace Agreement on Bosnia and Herzegovina

Summary

The present report covers the period from 22 April to 15 October 2018. Over the last six months, the run-up to the general elections on 7 October amplified the negative trends noted in my previous report and defined the overall political dynamics in Bosnia and Herzegovina. This was reflected in continued stagnation in the pace of reform at all levels and, in particular, in a new level of divisive and provocative rhetoric from some senior political figures. The significant increase in migrants seeking to transit to the European Union through Bosnia and Herzegovina this year has further tested the State's limited resources and revealed reluctance by certain lower levels of the government to assist the State level in the implementation of its competencies.

The country's aspirations for European Union integration remained firmly on the agenda despite the difficult political environment, and it is noteworthy that, following the submission of initial answers to the European Commission questionnaire during the previous reporting period, the Bosnia and Herzegovina authorities are working on answers to some 650 follow-up questions received in June. A rare piece of good news in the rule of law sector came in September, when after several months of disagreement, the Bosnia and Herzegovina Parliamentary Assembly, with the assistance of the wider international community, finally adopted long-outstanding amendments to the Criminal Procedure Code of Bosnia and Herzegovina in a compromise agreement acceptable to nearly all political parties.

On 7 October 2018, citizens voted in the eighth general election held in Bosnia and Herzegovina since the signing of the General Framework Agreement for Peace, selecting representatives to the State, entity and cantonal levels. The elections were held without any major security incidents and were described as "genuinely competitive" by international observers. However, international and local stakeholders raised concerns about the ethnically divisive nature of the campaign and a number of reported irregularities, including financial threats and incentives to voters,[a] problems with polling station committees, inflated voter rolls, problems with the count and a high number of invalid ballots, reported at over half a million by the Central Election Commission of Bosnia and Herzegovina.

Despite clear recommendations from the Office for Democratic Institutions and Human Rights of the Organization for Security and Cooperation in Europe on legislative and other changes to improve the integrity of the election process, the parties did not institute these improvements ahead of the elections. The Central Election Commission is currently working to complete the counting proce nd to process election-related complaints, including several requests for recounts, and official certified results are expected by 6 November. While preliminary results for State, entity and cantonal parliaments are available, much of their significance will depend on the process of coalition-building and government formation yet to come.

The fact that the parties failed to agree on electoral reform in the wake of the Bosnia and Herzegovina Constitutional Court's decision in the "Ljubić case", related to the indirect election of delegates to the House of Peoples of the Federation of Bosnia and Herzegovina, could further complicate the formation of authorities. It is also worth mentioning that prior to the election officials of the Croat Democratic Union of Bosnia and Herzegovina (HDZ Bosnia and Herzegovina) party and others warned that if Željko Komšić were elected as the Croat member of the Presidency it could trigger a "crisis",[b] and that Komšić appears to have been elected.

In August, the Republika Srpska government repealed the Republika Srpska government report on Srebrenica of 2004, in which it had officially acknowledged the involvement of Republika Srpska military and police forces in the events of July 1995 in Srebrenica. The report of 2004 had not only been required for the enforcement of a final and binding decision of the Human Rights Chamber of Bosnia and Herzegovina, but was also a crucial step towards reconciliation, based on the concept of individual rather than collective guilt. The decision of the Republika Srpska government to reject this approach highlights the extent to which the reconciliation process has deteriorated over the last several years.

I must again draw attention to an increase in divisive and destabilizing rhetoric from a number of political representatives in Bosnia and Herzegovina, including the continuation of statements by the President of the Republika Srpska denying the statehood of Bosnia and Herzegovina,[c] while advocating the secession of the Republika Srpska and a union with Serbia.[d] Although the international media reported in September that he had refrained from secessionist rhetoric in the run-up to the elections, he again threatened the dissolution of Bosnia and Herzegovina in an interview published in the final days of the campaign period.[e]

In this context, under the authority vested in me under annex 10 to the General Framework Agreement for Peace, I reiterate that the entities have no right to secede from Bosnia and Herzegovina and that the Framework Agreement guarantees the sovereignty and territorial integrity of Bosnia and Herzegovina and the internal constitutional position of the entities.

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[a] "These days pensioners will receive a one-time assistance to go to the polls and vote for us. If by chance you do not vote, we will take the money back. Whoever does not want to vote for us does not get a raise." President of the Republika Srpska and SNSD President, Milorad Dodik, at a campaign event in Ugljevik, *BNTV*, 18 September 2018. "Whoever is employed in Gacko, do not by chance vote for Govedarica and the SDS. We will fire you. And I ask you, whoever you see vote and do that, just let me know. I will throw him out, you won't have to." Milorad Dodik in Gacko, *Oslobodjenje/ReStart Srpska*, 22 September 2018.

[b] "[The election of Komšić] could trigger a crisis of unforeseeable proportions for the State of [Bosnia and Herzegovina]. It would entail a lot of problems in the functioning of all levels of government ..." Member of the Bosnia and Herzegovina Presidency and HDZ Bosnia and Herzegovina President, Dragan Čović, *Klix.ba*, 20 September 2018.

[c] "[Bosnia and Herzegovina] has been patched together. It is not a State. It only has international recognition." Milorad Dodik, lecture at the Faculty of Political Sciences, Belgrade, *Tanjug/Face TV*, 30 May 2018.

[d] "This is a historic moment in which we need to define our overall policy of a single national, but also administrative area. This means ... Why should we not talk about it? All other peoples are allowed to talk. Muslims are talking about their own State. Albanians are talking about their State. Croats have already solved their statehood issue. Serbs are the only ones denied the right to talk about a State. Well, I want to talk. I think that Serbia and the [Republika Srpska] will one day be, in the future, a single State." Milorad Dodik, "Circilica" interview, *TV Happy*, 16 July 2018.

[e] "From now on, [Bosnia and Herzegovina] will face two options: existing as the Dayton structure with competencies guaranteed for the entities or going irreversibly towards a peaceful dissolution." Milorad Dodik, *EuroBlic*, 5 October 2018. "And a whole generation of people who so selflessly invested all of their ideas, wishes, and even lives in the foundations of the [Republika Srpska], they mustn't be betrayed. Nor can our first leaders be betrayed, from Mr. Karadžić who, with the galaxy of people he led, believed that it should be built as an independent country, because that is the pledge of our freedom". Milorad Dodik, *RTRS*, 5 October 2018.

I. Introduction

1. This is my twentieth regular report to the United Nations Secretary-General since assuming the post of High Representative for Bosnia and Herzegovina in 2009. It provides a narrative of progress made towards attaining goals outlined in previous reports, registers factual developments, logs relevant citations and provides my impartial assessment of the implementation of the General Framework Agreement for Peace in key areas within my mandate. I have focused on addressing those areas in line with my responsibility to uphold the civilian aspects of the Framework Agreement. I have thus continued to encourage the Bosnia and Herzegovina authorities to make progress on the five objectives and two conditions necessary for the closure of the Office of the High Representative and have worked to preserve measures previously undertaken to implement the Framework Agreement.

2. I continue to focus on fulfilling my mandate in accordance with annex 10 to the General Framework Agreement for Peace and relevant Security Council resolutions. In addition, my Office fully supports the efforts by the European Union and the North Atlantic Treaty Organization (NATO) to assist Bosnia and Herzegovina in moving towards closer integration with those organizations.

II. Political update

A. General political environment

3. Since the beginning of the reporting period, political parties and their officials have been operating in pre-election campaign mode, focused primarily on criticizing each other or the international community and grandstanding on divisive nationalist issues, rather than governing effectively and adopting necessary reforms.

4. The main Croat party, the Croat Democratic Union of Bosnia and Herzegovina (HDZ Bosnia and Herzegovina), and the main Bosniak party, the Party of Democratic Action (SDA), which are formally partners in the State-level and Federation ruling coalitions, remained at odds over amendments to the Bosnia and Herzegovina Election Law. The lack of stable coalitions at both the Bosnia and Herzegovina and Federation levels resulted in low legislative output.

5. In the capital of the Republika Srpska, Banja Luka, protesters have been holding daily demonstrations over what activists allege is a cover-up by the authorities in the case of the suspicious death of a young student in March. In response, the ruling coalition of the Republika Srpska has accused opposition parties of agitating the demonstrators, in league with elements of the international community in Bosnia and Herzegovina. On 5 October, two days before the elections, tens of thousands of citizens gathered in Banja Luka to support the father of the student in his search for the truth.

6. In September, the Government of the United States of America sanctioned the delegate of the Alliance of Independent Social Democrats (SNSD) in the Bosnia and Herzegovina House of Representatives and SNSD Vice-President, Nikola Špirić, because of "his involvement in significant corruption". It is regrettable that the judicial and police authorities in Bosnia and Herzegovina have not proven so far to be effective in tackling corruption at senior levels.

7. The deterioration in the rule of law is also reflected in the fact that authorities at all levels continue to disregard or reject binding decisions of the judiciary. This was evidenced in the failure mainly of the Federation-based parties to exert sincere efforts to reach a political agreement to resolve the issues stemming from the Bosnia

and Herzegovina Constitutional Court's decision in the "Ljubić case", which is discussed further in the present report. Local elections have not been held in the city of Mostar since 2008 owing to another unaddressed decision of the Bosnia and Herzegovina Constitutional Court. The Republika Srpska continues to refuse to adhere to judgments of the Bosnia and Herzegovina Constitutional Court and the Bosnia and Herzegovina State Court concerning the registration of defence property.

8. The outstanding obligation of a number of cantons in the Federation to amend their constitutions to harmonize them with the entity constitution and to ensure the full equality of Serbs as a constituent people is another area in which I continue to urge local authorities to uphold the rule of law. In May, the Federation Constitutional Court issued a new decision requiring three cantons to amend their constitutions accordingly.

9. In the light of the general elections being held in 2018, I must call attention to the authorities' ongoing failure to implement the rulings of the European Court of Human Rights in *Sejdić and Finci* and related cases, leaving in place discriminatory provisions in violation of the fundamental right of certain categories of citizens to stand for public office.

Decision of the Constitutional Court of Bosnia and Herzegovina in the "Ljubić case" and the general elections

10. As reported previously, following the decision of the Bosnia and Herzegovina Constitutional Court of July 2017 repealing provisions of the Election Law related to indirect elections to the Federation House of Peoples, parties have sought to address this issue.

11. Although the European Union and the United States Embassy in Bosnia and Herzegovina have facilitated talks between political parties, with support from the Office of the High Representative, the parties' positions have not moved substantially since negotiations began in October 2017. The Sarajevo-based parties continue to interpret the decision in the "Ljubić case" as requiring that the electoral rules be brought into conformity with the principles contained in the Federation Constitution (which were not formally addressed by the Court), in particular the rule that requires each canton to elect at least one delegate from each constituent people if there is such a delegate in its assembly and the rule that until annex 7 to the General Framework Agreement for Peace is implemented, 1991 census figures should apply for calculations requiring demographic data. The Croat parties (mainly HDZ Bosnia and Herzegovina) continued to advocate that their delegates be elected in a manner that gives them "legitimate representation", that is, representation primarily from those cantons where Croats constitute a majority.

12. Starting in June, a group of parties in the Federation has sought to address this issue through a proposed law at the Federation level, while Croat representatives have rejected this approach. The Federation House of Representatives adopted the proposal in June, but machinations in the Federation House of Peoples saw disputes over quorum, rules governing the vital national interest procedure and attempts to remove a deputy speaker. Although still in process, the law is unlikely to be adopted without a political agreement.

13. As reported previously, this issue is further complicated by a request submitted in January 2018 by the then Chair of the Bosnia and Herzegovina House of Representatives, Borjana Kristo (HDZ Bosnia and Herzegovina), challenging a provision of the Federation Constitution related to one of the principles concerning the composition and selection of delegates of the Federation House of Peoples, according to which, in the House of Peoples there shall be at least one Bosniak, one Croat and one Serb from each canton that has at least one such delegate in its

legislative body. As at the time of writing this report, it remains to be seen when the Court will continue to deliberate and decide on the case.

14. The absence of provisions regulating the election of delegates to the Federation House of Peoples could complicate the process of government formation following the general elections on 7 October. The process of forming legislative and executive authorities at the State, entity and cantonal levels is a combination of direct and indirect elections beginning at the cantonal level. The formation of the upper chambers of State and entity parliaments depends on the prior election of Federation House of Peoples delegates by cantonal assemblies, whereas the election of the Federation President and Vice-Presidents and the Federation government depends on the ability of both houses of the Federation Parliament to meet.

15. My office continues to closely follow developments regarding the implementation of the "Ljubić case" decision and its potential impact on the process of government formation after the general elections in 2018.

Increase in migrant arrivals

16. Since the beginning of 2018, the number of refugee and migrant arrivals detected in Bosnia and Herzegovina has risen dramatically, reaching almost 18,000 as at October, in comparison with 758 in 2017. While most have attested that they wish to seek asylum in Bosnia and Herzegovina, less than 7 per cent have managed to do so, both because of difficulties in applying and because many wish to transit on to the European Union. As at 11 October, an estimated 3,000 migrants were located in Bosnia and Herzegovina.

17. Resistance to accommodating migrants persists, as most municipalities in Una-Sana Canton — which is the main destination for migrants owing to its border with Croatia — have refused proposals by the Bosnia and Herzegovina authorities to establish shelters, and Republika Srpska authorities have taken the position that there is no capacity to accommodate migrants within that entity. Moreover, while the Bosnia and Herzegovina border police has increased patrols on the country's eastern borders with Serbia and Montenegro, the Ministry of the Interior of the Republika Srpska has refused to allow police agencies from the Federation to patrol its territory.

18. As winter approaches, aid agencies warn of thousands of persons potentially without appropriate shelter, and the Bosnia and Herzegovina authorities are still struggling to accommodate them because of limited resources and resistance from local authorities and communities. In May, when the Bosnia and Herzegovina authorities attempted to transfer 269 migrants from Sarajevo to a designated refugee shelter in northern Mostar, Herzegovina-Neretva cantonal police stopped the convoy and ordered it to return to Sarajevo Canton. Fortunately, a potential standoff was de-escalated and the convoy eventually passed.

B. Decisions of the High Representative during the reporting period

19. Despite frequent challenges to the rule of law and the General Framework Agreement for Peace during the reporting period, I continue to refrain from using my executive powers, in accordance with the policy of the Steering Board of the Peace Implementation Council, which emphasizes "local ownership" over international decision-making.

C. Five objectives and two conditions for the closure of the Office of the High Representative

Progress on objectives

20. During the reporting period, the Bosnia and Herzegovina authorities made limited progress towards meeting the requirements of the 5+2 agenda established by the Steering Board of the Peace Implementation Council as necessary for the closure of the Office of the High Representative.

State and defence property

21. During the reporting period, the Office of the High Representative continued to monitor the process of registration of prospective defence property under the ownership of the State of Bosnia and Herzegovina and to provide necessary assistance and support as required. As a reminder, the term "prospective defence property" refers to a defined list of immovable assets required by the Bosnia and Herzegovina armed forces that should be registered to the State of Bosnia and Herzegovina in line with the Agreement on Succession Issues, the Bosnia and Herzegovina Law on Defence and relevant decisions of the Bosnia and Herzegovina Presidency. In addition to being one of the conditions for the participation of Bosnia and Herzegovina in the NATO membership action plan, progress on the issue is one of the outstanding objectives requisite for the transition of the Office.

22. Unfortunately, the process remains blocked with regard to properties located in the Republika Srpska. As reported previously, in July 2016 the Bosnia and Herzegovina Court issued a final verdict confirming the right of ownership of the State of Bosnia and Herzegovina over the prospective defence location in Han Pijesak and directing the registration of ownership rights in the relevant land records by the Republika Srpska Administration for Geodetic and Property-Related Affairs. For over two years, the competent Republika Srpska authorities have failed to enforce this final and enforceable decision of the Bosnia and Herzegovina Court, contrary to the principle of the rule of law.

23. With regard to the wider issue of State property, the Office of the High Representative continues to advocate the adoption of comprehensive State-level legislation based fully on the principles of the Bosnia and Herzegovina Constitutional Court decision of 2012 as the only acceptable and sustainable resolution of this issue. Meanwhile, the Office continues to closely monitor the adoption and implementation of all relevant property-related laws and decisions, with the aim of protecting the property interests of the State of Bosnia and Herzegovina prior to the enactment of appropriate State property legislation. This refers in particular to the implementation of the Law on the Temporary Prohibition of Disposal of Bosnia and Herzegovina State Property, violations of which represent a serious challenge to the rule of law and may produce several legal, practical and financial complications for all parties involved.

Fiscal sustainability

24. In accordance with my mandate, including my coordination responsibilities, the Office of the High Representative continued to follow, analyse and report on developments and legislative actions related to fiscal sustainability in Bosnia and Herzegovina. This included monitoring and reporting to the Steering Board of the Peace Implementation Council on the activities of the Governing Board of the Bosnia and Herzegovina Indirect Taxation Authority, in which the Office is the only international community representative, and the Bosnia and Herzegovina Fiscal Council.

25. The Governing Board of the Indirect Taxation Authority met three times during the reporting period. Inter-entity disputes dominated the session in May. In July, the Board adopted an agreement on the temporary share of road toll revenues intended for road and highway construction, despite the dissenting votes of expert board members from the Bosnia and Herzegovina Council of Ministers and the Federation government. However, on 27 July, the Federation government rejected the Board's decision, citing several reasons, including financial damage to the Federation, and announced legal action.

26. The Bosnia and Herzegovina Fiscal Council held two sessions. In May, the Council and the International Monetary Fund (IMF) mission assessed that the country's progress on the economic programme supported by the IMF Extended Fund Facility remained on track and reached an agreement on the steps required to complete the second review. However, subsequent entity-level initiatives with potentially serious fiscal implications prompted the IMF Executive Board to postpone the approval of the second review and the accompanying disbursement.

27. In July, the Council unanimously adopted the Global Framework of Fiscal Balance and Policies for the Period 2019–2021, setting the overall budget of the State institutions in 2019 at BAM 966 million, an increase of 1.68 per cent or BAM 16 million compared with the previous seven years, but kept their share in indirect tax revenue in 2019 locked at the same level as in 2012, at BAM 750 million. The adopted Framework represents the basis for budget planning.

Brcko District

28. The Office of the High Representative continued to provide expert assistance to the Brcko District authorities at their request in preparing by-laws and addressing other issues to implement four key pieces of financial legislation adopted in June 2016, which aim to further integrate Brcko District with the Bosnia and Herzegovina legal system, facilitate implementation of the Bosnia and Herzegovina economic programme negotiated with IMF and empower the District with instruments for increasing fiscal transparency, fighting the grey economy and generating revenues. The Office also continued to provide expert support to the Brcko District Finance Directorate in preparing a new Law on the Budget in order to improve fiscal discipline, transparency and accountability.

29. The conduct of three members of the Croat caucus in the Brcko District Assembly indicated an abuse of quorum rules as their absence from sessions prevented decision-making in the Assembly. This was mostly evident in relation to the adoption of the budget for 2018. As holding the Assembly hostage to party interests directly affects the overall institutional stability of the District, the District authorities sought the engagement of the Supervisor and the Office of the High Representative in identifying an appropriate solution.

Entrenching the rule of law

30. My office continues to provide support and assistance to the Bosnia and Herzegovina authorities in implementing the Bosnia and Herzegovina Law on Foreigners of 2015 and the Bosnia and Herzegovina Law on Asylum of 2016.

D. Challenges to the General Framework Agreement for Peace

Challenges to the sovereignty and territorial integrity of Bosnia and Herzegovina

31. As noted previously, during the reporting period, statements continued to be made, challenging the sovereignty and territorial integrity of Bosnia and Herzegovina, with the President of the Republika Srpska, Milorad Dodik, again the most frequent exponent of such proclamations. [1] Delegate of the Bosnia and Herzegovina House of Peoples and Croat National Assembly Main Council President, Božo Ljubić, also speculated about the dissolution of the country if electoral reform issues were not resolved.[2]

Rhetoric on war crimes

32. The arrests on 27 April of the former Commander of the Fifth Corps of the Army of the Republic of Bosnia and Herzegovina, Atif Dudaković, and other former Army personnel under suspicion of crimes against humanity and war crimes against civilians during the war of 1992–1995 in Bosnia and Herzegovina prompted statements by senior Bosniak officials accusing the Bosnia and Herzegovina judiciary of attempting to "equalize" the ethnic balance of committed war crimes. Subsequently, rallies of support for Dudaković were organized in several towns in the Federation.

33. Meanwhile, some Republika Srpska politicians continue to glorify convicted war criminals. In September, the President of the Republika Srpska, Milorad Dodik, publicly extolled convicted war criminals Radovan Karadžić and Ratko Mladić,[3] and at a campaign rally, the President of the Serbian Democratic Party (SDS) and

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[1] "[Bosnia and Herzegovina] costs us terribly and it is not in the interest of or of use to the Serb people, not now or in the long term … I am for a politics of tolerance and waiting for the moment of our final decision about uniting with Serbia." President of the Republika Srpska and SNSD President, Milorad Dodik, *RTRS*, "Predsjednik govori", 1 September 2018. "I think that [Bosnia and Herzegovina] will not survive and that a tacit, quiet separation will occur." Milorad Dodik, *Blic*, 12 August 2018. "We Serbs need to exclusively build up our two states, Republika Srpska and Serbia, and no kind of Yugoslavia, and at the same time, I — as the President of the Republic will not create for you another historical illusion called [Bosnia and Herzegovina]." Milorad Dodik, Modriča, *SRNA news agency*, 24 June 2018. "We must not hesitate to say that one of the things we must achieve is state unity of [Republika Srpska] and Serbia. That is the Serb national idea of this century." Milorad Dodik, Banja Luka, *SRNA news agency*, 22 May 2018.

[2] "The Election Law and decision of the [Bosnia and Herzegovina] Constitutional Court cannot be implemented at any level other than [the Bosnia and Herzegovina Parliamentary Assembly]. I'm sorry that people in [Bosnia and Herzegovina] and the main stakeholders don't understand that. I cannot interpret that as anything other than absurd, meaningless and cannot find any logic in it except that logic which claims that persevering in the absurd is a way to arrive at its end. I am afraid of that end, you know. I am afraid that it would mean the dissolution of [Bosnia and Herzegovina], because I know that it couldn't be carried out peacefully." Delegate of the Bosnia and Herzegovina House of Peoples and Croat National Assembly Main Council President, Božo Ljubić, *N1*, 27 June 2018.

[3] "A high degree of formal autonomy [for the Republika Srpska], obtained through the Dayton Peace Agreement, was the result of the struggle of our people, who, in 1992, under the leadership of Radovan Karadžić and Ratko Mladić, fought for the freedom of the Serb people and an independent State in this region. The Dayton Agreement was a compromise in which the Serbs agreed to enter a quasi-Bosnia and Herzegovina … we on the territory of the [Republika Srpska] dared to start creating a State and we are creating it today." Milorad Dodik, at the opening of "Days of the [Republika Srpska] in Serbia", *Danas.rs/Faktor*, 5 September 2018.

candidate for President of the Republika Srpska, Vukota Govedarica, told supporters that as the President of the Republika Srpska he would model himself after Karadžić.[4]

34. Most egregiously, senior political figures continue to deny and belittle the genocide committed in Srebrenica, which has been confirmed by two international tribunals, and to insult the victims with outrageous conspiracy theories.[5]

35. It is disturbing that after more than two decades since the war in Bosnia and Herzegovina ended, senior political figures and certain segments of society have failed to come to grips with the war crimes that their former leaders committed and continue to deny judgments of the International Tribunal for the former Yugoslavia. Such attitudes greatly hinder the prospects for lasting reconciliation in the country.

Issue of foreign fighters

36. During the reporting period, the relevant Bosnia and Herzegovina authorities did not report new departures of Bosnia and Herzegovina citizens from Bosnia and Herzegovina to the Syrian Arab Republic or Iraq. The Bosnia and Herzegovina authorities report that approximately 50 citizens have returned to Bosnia and Herzegovina from the Syrian Arab Republic or Iraq. According to the latest information, in July 2018 the Bosnia and Herzegovina State Court issued a new judgment against individuals for attempting to join Islamic State in Iraq and the Levant (ISIL), which makes a total of 24 judgments against individuals, of whom approximately 13 have already completed their sentences.

Radical extremism and potential terrorist threats

37. In September 2018, acting on a warrant issued by the Office of the Prosecutor in Bosnia and Herzegovina, the State Investigation and Protection Agency, in cooperation with the Ministry for Internal Affairs of Tuzla Canton, arrested a person in the area of Gradačac (near Tuzla, in the Federation) on suspicion of organizing a terrorist group and illegally forming and joining foreign paramilitary or parapolice formations. During a search of the premises, the Agency seized a quantity of military equipment and other evidence.

III. State-level institutions of Bosnia and Herzegovina

A. Bosnia and Herzegovina Presidency

38. The Bosnia and Herzegovina Presidency met monthly during the reporting period, holding five regular sessions, and focused mainly on activities relating to the European Union integration process and on addressing the increased flow of migrants into Bosnia and Herzegovina. The Bosniak member of the Presidency, Bakir Izetbegović, chaired the Presidency during the reporting period.

[4] "After our gathering tonight, I would like to ask Sonja and Ljilja (daughter and wife of wartime [Republika Srpska] leader Radovan Karadžić), next time they speak to their father and husband and our first president, to give him my regards and tell him that the future [Republika Srpska] President will resemble him and not the one who is currently leading the [Republika Srpska]." SDS President and candidate for President of the Republika Srpska, Vukota Govedarica, *dnevnik.ba*, 18 September 2018.

[5] "Bosniaks planned the genocide so that the [United States] would bomb Serbs." Milorad Dodik, Republika Srpska National Assembly session on the repeal of the Srebrenica report of 2004, 14 August 2018. "Srebrenica is a fictitious global policy of the United States and NATO." Milorad Dodik at a campaign event in Srebrenica, *Dnevni Avaz*, 25 September 2018.

39. The Presidency collectively met with the Chancellor of Germany, Angela Merkel, the President of the European Council, Donald Tusk, the President of Slovenia, Borut Pahor, and the Minister for Foreign Affairs of the Russian Federation, Sergey Lavrov, while individual members visited neighbouring States, the former Yugoslav Republic of Macedonia, Bulgaria and the State of Palestine. In May, the President of Turkey, Recep Tayyip Erdoğan, visited Bosnia and Herzegovina and met with the Presidency Chair, Bakir Izetbegović, and several members of the Bosnia and Herzegovina Council of Ministers.

40. While the Presidency was able to hold regular sessions in a cooperative atmosphere, there was also public divergence among the members on a number of issues, including the construction by neighbouring Croatia of the Pelješac Bridge, which will span the Bay of Neum, the only coastal territory in Bosnia and Herzegovina. On two occasions, in April and July, Mr. Izetbegović stated his emphatic opposition to the bridge and claimed that it would block the access of Bosnia and Herzegovina to the open sea, while the Croat member of the Presidency, Dragan Čović, supported the construction.

41. In August, the Presidency members disagreed publicly over the text of the letter of condolence that Mr. Izetbegović sent following the death of the former Secretary-General, Kofi Annan, in which he stated that Annan had recognized the mistakes of the United Nations that had led to the Srebrenica genocide. The other two members issued a public statement distancing themselves from the letter, stating that it contained "unacceptable political qualifications".

B. Council of Ministers of Bosnia and Herzegovina

42. The Council of Ministers of Bosnia and Herzegovina met regularly, holding 16 regular and 2 urgent sessions. However, the absence of stable parliamentary majority support significantly hindered its work, limiting the number of legislative proposals it sent to the Parliament for consideration.

43. The main priorities of the Council of Ministers remained European Union-related issues and activities aimed at addressing the migrant crisis. In June, the Council of Ministers received 655 follow-up questions to the European Commission questionnaire and distributed them to appropriate working groups, which did not finalize responses within the three-month deadline. With regard to the migrant crisis, the Council of Ministers coordinated activities to strengthen the borders of Bosnia and Herzegovina, improve cooperation with neighbouring States and provide assistance for migrant registration and accommodation.

44. In August, the Council of Ministers adopted the Bosnia and Herzegovina Framework Energy Strategy, which provides guidelines for the development of the energy sector until 2035.

45. On the international front, the Council of Ministers participated in the Western Balkans Summit within the Berlin Process, held in London in July, and secured EUR 275 million in support for its projects. Two grants for Bosnia and Herzegovina worth EUR 43 million were also approved.

46. Without assured support in the Bosnia and Herzegovina Parliament, the Council of Ministers adopted only two sets of amendments to existing laws. It also adopted the framework budget for the Bosnia and Herzegovina institutions for 2019–2021, setting the budget at BAM 966 million for 2019 and BAM 957 million for 2020 and 2021.

C. Bosnia and Herzegovina Parliamentary Assembly

47. Throughout the period, the Bosnia and Herzegovina Parliamentary Assembly lacked a stable majority to secure support for legislation in both chambers. In May, a delegate in the Bosnia and Herzegovina House of Peoples who was formerly part of the governing majority merged his new party with opposition party the Democratic People's Alliance (DNS), ending the already fragile majority that had endured through most of the current mandate.

48. Although a parliamentary majority coalition comprising SDA, the Union for a Better Future (SBB), HDZ Bosnia and Herzegovina and the Republika Srpska "Alliance for Change" parties SDS, Party of Democratic Progress (PDP) and the National Democratic Party (NDP) continued to formally exist, it did so without support from additional delegates to guarantee the adoption of legislative proposals, most of which were proposed by individual delegates rather than the Council of Ministers.

49. Nonetheless, a breakthrough was achieved in September with the adoption of long-needed amendments to the Bosnia and Herzegovina Criminal Procedure Code, when, after months of quarrelling, a compromise proposal was agreed upon and adopted in both chambers.

50. The Bosnia and Herzegovina House of Representatives held four regular and two urgent sessions and the Bosnia and Herzegovina House of Peoples held five regular sessions. In addition to important amendments to the Criminal Procedure Code, the Bosnia and Herzegovina Parliamentary Assembly adopted two proposals in the form of amendments to existing laws and rejected seven proposals (all amendments to existing laws).

IV. Federation of Bosnia and Herzegovina

Federation coalition developments

51. The Federation government worked consistently throughout the reporting period, holding 19 regular and 9 extraordinary sessions, while adopting 26 new laws and nine sets of amendments to existing legislation. With continued political disputes and pressure from frequently protesting war veterans, the Federation Parliament delivered only one new law and four sets of amendments to existing legislation.

52. The low legislative output reflected the stagnation in the Federation Parliament, with the House of Representatives holding just one regular session, one thematic session and four extraordinary sessions and the House of Peoples holding only two regular and two extraordinary sessions.

No agreement to enable local elections in Mostar

53. The responsible political parties could not reach an agreement to enact amendments to the Bosnia and Herzegovina Election Law that would enable the holding of local elections in the city of Mostar, where there have been no local elections since 2008. Although the Mostar city board of nine parliamentary parties (SDA, HDZ Bosnia and Herzegovina, HDZ 1990, Social Democratic Party (SDP), SBB, Democratic Front (DF), Bosnian-Herzegovinian Patriotic Party (BPS), SNSD and SDS) met nine times from February to June on this issue and found agreement on some areas, they failed to reach a final agreement and held no further talks. I continue to urge the parties to find a compromise to enable the citizens of Mostar to enjoy the same democratic right to elect their local leaders as that enjoyed by the citizens in the rest of the country.

Constitutional status of Serbs in the cantons

54. In May, the Federation Constitutional Court decided that several provisions of the constitutions of Posavina, Herzegovina-Neretva and West Herzegovina Cantons do not conform with the Federation Constitution and ordered the assemblies of those cantons to amend their respective constitutions accordingly, in particular with respect to ensuring the full equality of Serbs as a constituent people and of the Serbian and Bosnian languages and providing for the use of the Cyrillic script. In September, the State-level Bosnia and Herzegovina Constitutional Court rejected as inadmissible a similar complaint against five cantonal constitutions on jurisdictional grounds, considering that the issue falls under the jurisdiction of the Federation Constitutional Court.

55. The High Representative's decision of 2002, enacting amendments to the Federation Constitution within the wider implementation of the Bosnia and Herzegovina Constitutional Court's decision on the equality of the constituent peoples, determined that all three constituent peoples are equal in the Federation, that the official languages of the Federation are Bosnian, Croatian and Serbian, and that the official scripts are Latin and Cyrillic. Cantons remain obliged to harmonize their constitutions with the Federation Constitution.

56. .I have repeatedly called upon the cantonal authorities to harmonize their constitutions with the Federation Constitution and publicly urged the cantonal assemblies to implement the Federation Constitutional Court's judgment without further delay.

War veteran protests

57. In May, several hundred veterans protested in front of the Federation Parliament on the occasion of a thematic session of the Federation House of Representatives on the status of war veterans and the protection of war invalids. The House concluded with a call on the Federation Ministry for Veteran and Invalid Affairs to submit the Law on the Rights of War Veterans and Their Family Members to address the issues of a single registry of veterans and veteran allowances, and decided to consider the Law on Veterans' Associations as a matter of significant social importance. In July, both houses of the Federation Parliament adopted the Law on the Rights of War Veterans and Their Family Members, but in different texts, requiring the joint parliamentary commission to harmonize them, which it failed to do in three consecutive attempts. As a result, in September several hundred veterans again protested, attempting to block traffic in the centre of Sarajevo, leading to clashes with police. Four police officers were injured and two protesters were arrested, one of whom subsequently died in custody.

V. Republika Srpska

58. During the reporting period, the Republika Srpska ruling coalition, led by the SNSD in partnership with the Democratic People's Alliance (DNS) and the Socialist Party (SPRS), remained functional, and the Republika Srpska government met regularly. According to available information, the Republika Srpska National Assembly held one regular and five special sessions, adopting 18 new laws and 19 sets of amendments to existing laws.

59. The period was marked by an intensified power struggle between the ruling coalition and the opposition, increased pressure on non-governmental organizations (NGOs) and the media and a surge in nationalistic rhetoric.

60. The power struggle between the ruling coalition and the opposition intensified ahead of the general elections in 2018, with the ruling coalition accusing the opposition of betraying entity interests, and the opposition accusing the ruling coalition of corruption and nepotism.

61. Grass-roots civic protests have also emerged in Banja Luka, lasting more than six months, as protesters demand that Republika Srpska law enforcement agencies investigate the mysterious death of a 21-year-old student and bring the perpetrators to justice. Despite attempts by the authorities to portray the protests as anti-government, accusing opposition parties and the international community of agitating the situation, the case has highlighted discontent among citizens and their loss of trust in public institutions, in particular the police and the judiciary.

62. The period was also marked by pressure on, intimidation of and attacks against those who criticize the ruling coalition, of which the government's announced intention to pass new legislation aimed at limiting the work of NGOs is a clear example. In June, SNSD announced the proposal of the Republika Srpska Law on Foreign Donations, aimed at identifying organizations that receive foreign funding. NGOs such as Civil Rights Defenders, Transparency International Bosnia and Herzegovina and the Helsinki Committee for Human Rights warned that provisions of the legislation would be unconstitutional and against the European Convention for the Protection of Human Rights and Fundamental Freedoms.

63. In August, a journalist reporting for BN Television, an independent broadcaster critical of the Republika Srpska government, was severely beaten by two perpetrators in Banja Luka. The journalist's injuries were severe enough for the Banja Luka Prosecutor's Office to assess the assault as attempted murder. Republika Srpska police arrested one suspect in September and subsequently issued a warrant for the second suspect. Media reports allege links between at least one of the suspects and ruling party circles.

64. After continuously denying and demeaning the Srebrenica genocide, in July the President of the Republika Srpska launched an initiative to repeal the Republika Srpska government report on Srebrenica of 2004, which the government ultimately did in August, with a supporting vote by the Republika Srpska National Assembly. The Republika Srpska government report of 2004 was the only formal acknowledgement to date by Republika Srpska officials of the involvement of Republika Srpska military and police forces in the events of July 1995 in Srebrenica, and its repeal undoes years of work towards reconciliation in Bosnia and Herzegovina.

65. As the October elections neared, the President of the Republika Srpska appeared to employ scare tactics as part of his campaign, threatening to take back the Republika Srpska government's one-time assistance payment from pensioners who did not vote for SNSD. He also openly said that those in the Gacko municipality who supported the opposition would lose their jobs and called on citizens to report anyone who voted against SNSD.

Non-cooperation with the High Representative

66. The Republika Srpska government continues to deny my Office access to official information and documents, as required under annex 10 to the General Framework Agreement for Peace. Under article IX of annex 10, all authorities in Bosnia and Herzegovina are obliged to fully cooperate with the High Representative. Repeated calls by the Steering Board of the Peace Implementation Council, reminding the Republika Srpska authorities of their obligations in this regard, have had no impact. The practice of the Republika Srpska government of not providing information and documents requested by the Office of the High Representative dates

from 2007 and contradicts frequent claims by the Republika Srpska that the entity respects the letter of the Framework Agreement.

VI. Entrenching the rule of law

Amendments to the Criminal Procedure Code of Bosnia and Herzegovina

67. I reported previously on a decision by the Bosnia and Herzegovina Constitutional Court of June 2017, in which several provisions of the Bosnia and Herzegovina Criminal Procedure Code regulating special investigative measures in criminal proceedings were declared unconstitutional. When the deadline of six months for the implementation of the ruling passed with no progress, the Court was poised to delete those provisions from the law, which would bring to a halt the majority of criminal cases handled by the Office of the Prosecutor in Bosnia and Herzegovina and the Bosnia and Herzegovina Court. I warned of the risk to the rule of law in Bosnia and Herzegovina if the Bosnia and Herzegovina Parliamentary Assembly failed to adopt appropriate new amendments in line with international standards to address this issue.

68. I am pleased to report that in September, both houses of the Bosnia and Herzegovina Parliamentary Assembly unanimously adopted the necessary amendments to the law, in line with international standards, although SNSD representatives in the House of Representatives did not attend the session.

69. Over the past several months, SDA and HDZ Bosnia and Herzegovina each proposed sets of amendments to the Criminal Procedure Code. The Bosnia and Herzegovina House of Representatives adopted the SDA amendments, which were deemed consistent with international standards in the fight against corruption, while in the House of Peoples, SNSD and DNS delegates sided with the Croat caucus to oppose them and support the HDZ Bosnia and Herzegovina amendments, which would have significantly limited the State's ability to exercise its criminal jurisdiction. However, late in the reporting period, most of the parties responded to growing concerns about criminal processes in the country by responsibly reaching an agreement and passing the required amendments without endangering the possibility of the full exercise of State-level jurisdiction in criminal matters. The engagement of the international community, including my Office, on this issue was key to this achievement.

70. In June 2017 the Constitutional Court did not decide on the entire request for the review of constitutionality of the Criminal Procedure Code. It left the provisions on physical examination of the accused and other persons and therefore put that part of the request on the agenda of its plenary session of 27 September, but postponed adopting any decision.

Entity anti-corruption efforts

71. The specific legislation in the Federation on a special prosecutor and court department for fighting corruption and organized crime, which was passed in 2014, remains unimplemented.

War crimes cases

72. In April, the Bosnia and Herzegovina State Investigation and Protection Agency arrested a former Commander of the Army of the Republic of Bosnia and Herzegovina, Atif Dudaković, along with 12 other former Army members, on the basis of a charge by the Office of the Prosecutor in Bosnia and Herzegovina of crimes against humanity and war crimes against civilians, for their alleged involvement in

the killing of several hundred Serb and other civilians. All were released from detention the following day, with measures prohibiting them from communicating with each other or the media.

73. In June, the Appellate Panel of Section I for War Crimes of the Bosnia and Herzegovina Court revoked the Court's first instance acquittal of October 2017 of the wartime Commander of the Army of the Republic of Bosnia and Herzegovina forces in Srebrenica, Naser Orić, and fellow Army member, Sabahudin Muhić, and ordered a retrial. The Court had acquitted the two of charges of war crimes against prisoners of war. The retrial began in September.

VII. Public security and law enforcement, including intelligence reform

74. Unfortunately, the long-standing practice of improper political interference in operational policing has not diminished.

75. In Posavina Canton, cantonal authorities have yet to heed my written guidance to remedy damaging changes to police legislation. One change deleted a provision required by a letter from the President of the Security Council of 2007 on police denied certification by the former United Nations International Police Task Force. I will follow this development and report on whether Bosnia and Herzegovina is in overall compliance with the Security Council directive. Another provision creates the possibility for former police who enter politics to later return to police service, which represents direct improper political influence.

76. The Una-Sana Canton government has not met its legal obligations in the selection and appointment of a new Police Commissioner and the process remains stalled. The mandate of the Police Commissioner of Herzegovina-Neretva Canton expired on 30 September, but the selection of a new Police Commissioner has not begun, owing to the absence of a functioning Independent Board since March 2017. The Sarajevo Canton Independent Board is showing worrying signs of exceeding its authority and interfering with professional policing. In September, the Brcko District Independent Board launched a selection procedure for a new Chief of Police of Brcko District.

77. In September, the Tuzla Canton Assembly adopted new provisions in its police legislation that should facilitate the implementation of a separate police budget, and the Zenica-Doboj Canton Assembly adopted a new Law on Internal Affairs allowing for a separate police budget.

78. In August, the Bosnian-Podrinje Canton Assembly deleted a damaging provision from its Law on Police Officials that would have allowed politicians to return to police service, and in September, the Sarajevo Canton Assembly adopted a new Law on Police Officials that, inter alia, excludes this possibility.

79. In July, the Canton 10 Assembly adopted amendments to the Law on Police Officials, which, inter alia, allow for the employment of police officials from other police bodies in Bosnia and Herzegovina.

Public security during the influx of migrants

80. In Una-Sana Canton, on the border with Croatia, where the majority of the migrants are concentrated owing to their demonstrated pattern of attempting to enter the European Union, police authorities have expressed increasing concern over the worsening public security situation. To date, police authorities have recorded the arrival of 10,000 migrants in Una-Sana Canton and estimate that between 2,000 and

2,500 migrants still reside there. Police authorities also reported 47 felonies and 17 violations of public order connected to the influx of migrants.

VIII. Economy

81. The economic performance of Bosnia and Herzegovina in the reporting period was generally positive. In September, the Directorate for Economic Planning of the Bosnia and Herzegovina Council of Ministers noted an economic growth rate of 2 per cent in the first quarter of 2018. Compared with the same period in 2017, exports, imports and industrial production increased by 11.8, 9.1 and 3.4 per cent, respectively. Inflation stood at 1.2 per cent. The administrative unemployment rate fell by 3.7 per cent to an estimated 35.7 per cent, while the real unemployment rate, calculated on the basis of the Labour Force Survey of the Bosnia and Herzegovina Statistics Agency, is 18.4 per cent. The total number of registered employees as at the end of June had increased by 7.8 per cent over the same period in 2017.

82. The credit and business ratings of Bosnia and Herzegovina remain the same. In its report in September, Standard & Poor's Ratings Services affirmed the credit rating of Bosnia and Herzegovina at "B", with a stable outlook. The banking sector is assessed as generally stable and liquid. According to Bosnia and Herzegovina Central Bank data, 23 commercial banks in Bosnia and Herzegovina registered a record profit in 2017, totalling BAM 344.35 million, a 57.5 per cent increase over 2016. Foreign direct investments totalled BAM 219.7 million in the first quarter of 2018, a 28.2 per cent decrease compared with the same period in 2017.

83. Eurostat data from June place Bosnia and Herzegovina as the second poorest country in Europe. Citizen purchasing capacity is estimated at 32 per cent of the European Union average. The average net salary in June was BAM 872 (EUR 436), a 2.5 per cent increase compared with June 2017, while the average pension in July was BAM 387 (EUR 194), a 7.7 per cent increase compared with July 2017. Minimum pensions were BAM 187.80 (EUR 94) in the Republika Srpska and BAM 348.10 (EUR 174) in the Federation.

84. The overall political and social environment is the most frequently cited reason for emigration. According to the Union for Sustainable Return and Integration in Bosnia and Herzegovina, more than 169,000 people have emigrated from Bosnia and Herzegovina in the last five years.

Fiscal issues

85. There were no delays in debt servicing and regular monthly payments in the reporting period, owing primarily to the continued growth of indirect tax revenue, but also to continued borrowing. IMF released no funds to Bosnia and Herzegovina in the reporting period.

86. The budget of the State institutions has been locked at the same level since 2012, and the State's share in indirect tax revenue has also been locked for the last six years, while the State's revenues from other sources — which should fill the gap — have continued to decline. Consequently, funds available to the State institutions allow them to cover basic current expenditures but are insufficient to allow for their full functioning and fulfilment of their obligations, including those related to integration processes. The Ministry of Defence of Bosnia and Herzegovina (including the Armed Forces of Bosnia and Herzegovina) and the State-level security sector in general are among those most affected.

87. The Federation maintained budget stability during the reporting period, as reflected in the consolidated budget execution report for January to June 2018.

However, renewed demands from war veterans for new legislation that would increase the transparency and efficiency of budget spending for war veterans and also regulate their entitlements could have a serious impact on budget stability.

88. The Republika Srpska continues to finance almost one quarter of its regular budgetary needs through borrowing. Under the revised Republika Srpska budget plan for 2018, adopted in May, the Republika Srpska government planned BAM 540 million in long-term borrowing from various sources (IMF, the World Bank, local commercial banks and bond issuance on international capital markets) in 2018. In June, the Republika Srpska government increased pensions by 2.5 per cent, bringing the cumulative increase in the Republika Srpska over the last five years to 20 per cent. In August, the Republika Srpska government approved a one-time assistance payment to pensioners of BAM 30 to BAM 100, depending on the pension amount, just ahead of the general elections. In July, the Republika Srpska National Assembly amended the labour tax legislation, increasing wages in the public sector by between 9 and 12 per cent. The amendments also increased the amount of the tax-free minimum wage in the private sector.

89. A functional indirect tax system is key to budget stability at all levels of government and the single indirect tax system in Bosnia and Herzegovina is rightfully considered to be one of the most crucial post-Dayton reforms. Nevertheless, the system has faced political challenges and attempts to weaken its institutional structure. Recently, the system was jeopardized by attempts at enforcing a Bosnia and Herzegovina Court decision of 2015 against the Indirect Taxation Authority by going after accounts maintained on behalf of the State, the entities and Brcko District. In addition to raising questions about its compliance with the relevant legislation, the manner of enforcement resulted in a serious shortfall of funds intended for financing all levels of government in Bosnia and Herzegovina. The ultimate risk is a loss of trust in the indirect tax system, which may serve as a pretext for further political challenges.

90. In September the Bosnia and Herzegovina Court suspended enforcement of the Court decision of 2015 until 3 December at the latest, pending its decision on the Indirect Taxation Authority proposal to enforce the debt through the State-level budget, in line with relevant regulations on the enforcement of executive court decisions, or on another proposal of the creditor.

International obligations

91. In August, the Council of Ministers of Bosnia and Herzegovina adopted a Bosnia and Herzegovina Framework Energy Strategy, which provides guidelines for the development of the energy sector until 2035. The Strategy was prepared on the basis of the relevant entity strategies and is the result of a coordinated effort. Its adoption, which has been pending for almost a decade, will unlock international financial assistance to the energy sector and set the path for further reforms.

92. The adoption of the Energy Strategy is not enough, however, for the Energy Community to lift the sanctions against Bosnia and Herzegovina, which were introduced in October 2015 in response to the country's persistent failure to meet its obligations under the Treaty establishing the Energy Community. In that regard, the Director of the Energy Community secretariat welcomed the adoption of the Strategy, but reminded Bosnia and Herzegovina of its obligation to also adopt State-level laws on the electricity market and on gas.

93. *Serious concerns were also raised in the energy sector in connection with a* development related to the State-level Bosnia and Herzegovina Electricity Transmission Company (TRANSCO), which was established to ensure a continuous electricity supply through transmission grid management and to facilitate the creation

of a single electricity market in Bosnia and Herzegovina, as well as its integration into regional energy markets. Despite its success in accomplishing those objectives, TRANSCO has faced numerous challenges, the most pressing of which include a legal claim against it by the Mostar-based power company, which concerns investments in electricity transmission assets and liabilities prior to their transfer to TRANSCO in 2006. If successful, the claim will have serious financial implications for the company and may open the door to challenging the entities' shares in TRANSCO, as well as to challenging other similarly established State-level institutions. Further risks to TRANSCO stem from disputes over management appointments and their impact on the company's decision-making, which could provide a pretext for challenges to its sustainability as a State-level company.

94. Financial cutbacks to the Bosnia and Herzegovina Public Railways Corporation, introduced unilaterally by the Republika Srpska, have continued for the second consecutive year and threaten to destabilize the only corporation established thus far under annex 9 to the General Framework Agreement for Peace, and one that is crucial for the proper coordination and harmonization of the railway sector. The cutbacks coincided with the entity government's conclusion of March 2017 requesting the Republika Srpska Ministry of Transport and Communications to initiate a review of the agreement between the Federation and the Republika Srpska on the establishment of a joint public railway corporation as part of the transportation corporation, concluded in 1998 under annex 9 to the Framework Agreement. Both the financial issue and the ongoing review could pose a serious threat to the institution.

IX. Return of refugees and displaced persons

95. The realization of the right of refugees and displaced persons to return to their pre-war homes remains central to the fulfilment of annex 7 to the General Framework Agreement for Peace, as it requires authorities at all levels to create in their territories the political, economic and social conditions conducive to the voluntary return and harmonious reintegration of refugees and displaced persons, without preference for any particular group.

96. The Republika Srpska government repeal of the Srebrenica report of 2004 undoubtedly erodes many of the political and social conditions conducive to the return of refugees and displaced persons, not only to Srebrenica but to other Republika Srpska communities as well.

97. Education remains a contentious issue in several returnee communities. The Republika Srpska authorities continue to refuse to acknowledge the right of Bosniak returnee schoolchildren to refer to their language as "Bosnian", despite a decision of the Bosnia and Herzegovina Constitutional Court of 2016 guaranteeing that right, opting instead for the selective application of a provision of the entity constitution referring to "the language of the Bosniak people", while referring to the language of the other two constituent peoples as "Serbian" and "Croatian".

98. At the same time, Serb returnee students in the Federation, in particular in the Croat-majority Canton 10, continue to demand the introduction of the Serbian language in their education, without success.

X. Media developments

99. There have been significant threats to media freedom during the reporting period. A serious physical assault against a journalist in Banja Luka in August highlighted the issue of journalist safety in Bosnia and Herzegovina.

100. According to the Bosnia and Herzegovina Journalists' Association and its free media helpline, from January until September 2018 there were 42 reported violations of journalists' rights, including five physical assaults and one death threat. Media professionals in Bosnia and Herzegovina have revived an earlier initiative seeking legislation to treat an assault on a journalist in the same way as an attack against a public official.

101. There has been no progress in the functioning of the Bosnia and Herzegovina Public Broadcasting System, and its independence is still compromised by problems in financing and management and the reluctance to implement the legal requirements for system integration. The method of collecting radio-television tax remains inconsistent between the Republika Srpska and the State and Federation broadcasters, as I have reported previously. Problems also remain in implementing legislation calling for the registration of a joint legal entity, to enable the transition from analogue to digital broadcasting and to streamline the activities of the three services.

102. Owing to the inability of the public broadcasters to act outside political influence and the lack of will among the political parties in power to allow the proper implementation of the relevant legislation, the Bosnia and Herzegovina Public Broadcasting System exists only on paper. This is unfortunate, as the current legislation represents a solid legal basis for a proper public broadcasting system that would serve the interests of the citizens of Bosnia and Herzegovina, in accordance with generally accepted programming principles.

103. On a positive note, the Communications Regulatory Agency of Bosnia and Herzegovina is considering introducing more consistent monitoring of current affairs programmes, including those of the three public broadcasters, which could enable the full implementation of the programming principles and restrictions, thereby reducing political influence in programming content.

XI. European Union military force

104. The European Union military mission in Bosnia and Herzegovina (EUFOR), with its continued executive mandate, plays a vital role in supporting the country's efforts to maintain a safe and secure environment. In that context, I am very concerned over the disproportionate purchases of long-barrelled weapons by some law enforcement agencies.

105. With that in mind, I believe monitoring weapons and ammunition stocks from the Armed Forces of Bosnia and Herzegovina and the police services is an appropriate measure to ensure better situational awareness and promote confidence-building across a highly fragmented law enforcement sector.

XII. Future of the Office of the High Representative

106. The Political Directors of the Steering Board of the Peace Implementation Council met in Sarajevo on 5 and 6 June 2018 to assess progress in implementing the General Framework Agreement for Peace and once again underlined their unequivocal commitment to the territorial integrity and sovereignty of Bosnia and Herzegovina, and their full support to me as the High Representative in ensuring respect for the Framework Agreement and carrying out my mandate in accordance with annex 10 thereto, and relevant Security Council resolutions. The Political Directors reinforced the need to complete the 5+2 agenda, which remains necessary for the closure of the Office of the High Representative. The next meeting of the Steering Board is scheduled for December 2019 in Sarajevo.

107. My Office continues its fiscally responsible approach to budget planning, and the results are evident. Since the beginning of my mandate in March 2009, the Office's budget has been reduced by 53 per cent and my staff by over 58 per cent. Given the deep and ongoing nature of the cuts, it is important to highlight that, considering the realities of the situation on the ground and as entitled under annex 10 to the General Framework Agreement for Peace, I must remain equipped with the budget and the staff required to carry out my mandate effectively.

XIII. Reporting schedule

108. In keeping with the practice of submitting regular reports for onward transmission to the Security Council, as required under Council resolution 1031 (1995), I present herewith my twentieth regular report as High Representative. I would be pleased to provide additional information at any time, should the Secretary-General or any member of the Security Council require it. The next regular report to the Secretary-General is scheduled for April 2019.